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TIMOTHY P. MURRAY
LIEUTENANT GOVERNOR

January 21, 2011

To the Honorable Senate and House of Representatives:

I am filing for your consideration a bill entitled "An Act Further Strengthening the Commonwealth's Partnership with its Municipalities."

This legislation provides cities and towns with additional tools they need to respond to the present fiscal challenges by managing their limited resources more efficiently.

First, the bill requires that, in time for fiscal year 2012, every municipality must either join the Group Insurance Commission or have a health insurance plan in place that will provide equivalent savings. Labor will have a meaningful role in developing this plan.

Second, this legislation requires every city or town to move its eligible retirees into Medicare. These two measures will save our communities over \$120 million.

Finally, this bill will remove the archaic property tax exemption for telecommunications equipment. This step is worth an additional \$26 million for cities and towns.

These measures will help cities and towns weather the present fiscal downturn, save hundreds of millions of dollars over time, and take significant pressure off property taxes now and in the future.

In order to assure that municipalities have sufficient time to secure new health insurance plans through the Group Insurance

Commission or otherwise, to enroll employees and their families in time for fiscal year 2012, and to meet the March 31 Medicare enrollment deadline for their eligible retirees, it is imperative to enact this legislation as soon as possible and with an emergency preamble. I therefore urge your prompt passage of this legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "David L. ...", written over a horizontal line. The signature is stylized with a large loop on the left and a sharp upward stroke on the right.



The Commonwealth of Massachusetts

IN THE YEAR TWO THOUSAND AND ELEVEN

AN ACT FURTHER STRENGTHING THE COMMONWEALTH'S PARTNERSHIP WITH ITS MUNICIPALITIES.

Whereas, The deferred operation of this act would tend to defeat its purpose, which is forthwith to strengthen the commonwealth's partnership with its municipalities in the present fiscal emergency, therefore it is hereby declared to be an emergency law, necessary for the immediate preservation of the public convenience.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

XXXXXXXXXXXX
SECTION 1.
XXXXXXXXXXXX

TRANSFER OF ELIGIBLE MUNICIPAL RETIREES INTO MEDICARE

SECTION 1. Section 18 of chapter 32B of the General Laws is hereby repealed.

SECTION 2. Said chapter 32B of the General Laws is hereby amended by striking out section 18A, and inserting in place thereof the following section:-

Section 18B. (a) All retirees, their spouses and dependents insured or eligible to be insured under this chapter, if enrolled in Medicare Part A at no cost to the retiree, spouse or dependents or eligible for coverage thereunder at no cost to the retiree, spouse or dependents, shall be required to transfer to a Medicare health plan offered by the governmental unit under section 11C or section 16, if the benefits

under the plan and Medicare Part A and Part B together shall be of comparable actuarial value to those under the retiree's existing coverage, but a retiree or spouse who has a dependent who is not enrolled or eligible to be enrolled in Medicare Part A at no cost shall not be required to transfer to a Medicare health plan if a transfer requires the retiree or spouse to continue the existing family coverage for the dependent in a plan other than a Medicare health plan offered by the governmental unit.

(b) Each retiree shall provide the governmental unit, in such form as the governmental unit shall prescribe, such information as is necessary to transfer to a Medicare health plan. If a retiree does not submit the information required, he shall no longer be eligible for his existing health coverage. The governmental unit may from time to time request from a retiree, a retiree's spouse or a retiree's dependent, proof, certified by the federal government, of eligibility or ineligibility for Medicare Part A and Part B coverage.

(c) The governmental unit shall pay any Medicare Part B premium penalty assessed by the federal government on the retiree, spouse or dependent as a result of enrollment in Medicare Part B at the time of transfer.

REPEAL TELECOMMUNICATIONS MACHINERY EXEMPTION

SECTION 3. Section 5 of chapter 59 of the General Laws, as appearing in the 2008 Official Edition, is hereby amended by inserting after the word "than", in line 230, the following words:- a telephone or telegraph corporation taxed under section 52A of chapter 63 or.

SECTION 4. Said section 5 of said chapter 59, as so appearing, is hereby further amended by inserting after the words "two A", in line 233, the following words:- , other than a telephone or telegraph corporation,.

SECTION 5. Clause Sixteenth of said section 5 of said chapter 59 is hereby further amended by striking out paragraph (2), inserted by section 2 of chapter 173 of the acts of 2008, and inserting in place thereof the following paragraph:-

(2) In the case of (a) a business corporation subject to tax under section 39 of chapter 63 that is not a manufacturing corporation, or (b) a telephone or telegraph corporation subject to tax under section 52A of chapter 63, all property owned by the corporation other than the following:- real estate, poles, underground conduits, wires and pipes, and machinery used in the conduct of the business, which term, as used in this clause, shall not be considered to include stock in trade or any personal property directly used in connection with dry cleaning or laundering processes or in the refrigeration of goods or in the air-conditioning of premises or in any purchasing, selling, accounting or administrative function. Notwithstanding the preceding sentence, a telephone or telegraph corporation shall be subject to property tax assessment on machinery used in the conduct of its business and leased to it by a corporation that is not a telephone or telegraph corporation.

MUNICIPAL HEALTH INSURANCE

SECTION 6. (a) Each municipality shall provide health insurance coverage to its subscribers either through the group insurance commission or through other means with benefits of comparable actuarial value to those provided by the group insurance commission.

(b) Notwithstanding chapter 32B of the General Laws or any other general or special law to the contrary, if a municipality's health insurance benefits do not comply with subsection (a), the chief executive of the municipality shall give notice to its public employee committee, established or which shall be established under section 19 of said chapter 32B, of its intention to enter into negotiations to provide health insurance coverage to its subscribers and to enter into a written agreement within a period prescribed by regulations to provide such coverage.

(c) If no agreement is reached within the prescribed period, the municipality shall transfer its subscribers to the group insurance commission or provide health insurance coverage to its subscribers in a manner prescribed by regulations and which complies with subsection (a).

(d) The secretary of administration and finance, in consultation with the secretary of labor and workforce development, shall adopt regulations to carry out this section, including but not limited to regulations defining comparable actuarial value, setting forth deadlines for prompt and reasonable compliance with this section to ensure compliant coverage in fiscal year 2012, detailing the procedure by which the municipality shall provide health insurance coverage under this section, and determining the extent to which reduced costs to the municipality resulting from adoption of coverage under this section shall be shared with the municipality's employees.